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#36

February 27, 1997

VIA EXPRESS MAIL

BOX TTAB NO FEE
Trademark Trial and Appeal Board
Patent and Trademark Office
2900 Crystal Drive
Arlington, Virginia 22202-3513

Re: GALLEON S.A. et al. v. HAVANA CLUB HOLDINGS et al., Cancellation No. 24,108

Dear Trademark Trial and Appeal Board Staff:

Enclosed, in duplicate for filing, is Respondent's Memorandum Of Law In Opposition To Petitioners' Motion For Suspension Of Proceeding and Respondents' Declarations In Opposition To Petitioners' Motion For Suspension.

Please acknowledge receipt thereof on the enclosed postcard. Thank you for your attention.

Very truly yours,

Caroline Rule

Caroline Rule

CR/mp
Enclosures

TTAB

ORIGINAL

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#1

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Cancellation No. 24, 108

GALLEON S.A.,
BACARDI-MARTINI U.S.A., INC.
and BACARDI & COMPANY LIMITED,

Petitioners,

v.

HAVANA CLUB HOLDING, S.A.,

Respondent.

Registration No. 1,031,651

RESPONDENT'S MEMORANDUM OF LAW IN OPPOSITION TO PETITIONERS' MOTION FOR SUSPENSION OF PROCEEDING

MICHAEL KRINSKY
CAROLINE RULE
RABINOWITZ, BOUDIN, STANDARD,
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Dated: February 27, 1997

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Respondent Havana Club Holding, S.A., owner of the United States registration of the trademark HAVANA CLUB and design, Registration No. 1.031,651 respectfully submits this memorandum of law in opposition to petitioners' motion pursuant to 37 C.F.R. § 2.117(a) to suspend, with respect to: a. consideration of the already briefed summary judgment motion and b. suspension of the entire cancellation proceeding in the event summary judgment is denied.[1]

INTRODUCTION

Petitioners have moved to suspend the cancellation proceeding they initiated pending the outcome of an infringement action that respondent has instituted in the United States District Court for the Southern District of New York. This motion should not be considered at this time, however, as all proceedings not related to respondent's fully briefed motion for summary judgment now pending before the Board have been suspended by this Board's own order dated December 10, 1996.

It is the general practice of this Board, in the exercise of its discretion, to consider a potentially dispositive motion notwithstanding a subsequently filed motion to suspend pending resolution of federal court proceedings, and there is no reason to depart from this policy here. If this Board nevertheless does consider the motion to suspend, the motion should be denied. *Petitioners* chose to institute this cancellation proceeding before the Board, and *petitioners* compelled respondent to bring a civil action a full year and a half later to protect its HAVANA CLUB trademark. Petitioners did so by commencing use of a virtually

[1]Petitioners' moving papers do not differentiate between a stay prior or subsequent to consideration of the pending summary judgment motion, simply requesting an immediate stay.

identical mark on their own identical product; respondent's registration of the mark HAVANA CLUB is for use in connection with rum, and petitioners have offered for sale in the United States a rum bearing the name "Havana Club." Petitioners began using the "Havana Club" name despite having made no mention of such use in their papers filed before this Board, stating there simply that they *intended* to sell rum under that name. The intervening litigation of the proceedings before the board has been burdensome and expensive to respondent, and to the Board, which already has issued a substantial opinion on a motion to dismiss involving complex and important issues.

FACTUAL BACKGROUND

A. Procedural History

Petitioners instituted the current cancellation proceeding on July 12, 1995, seeking to cancel respondent's registration of the trademark HAVANA CLUB and Design. On July 8, 1996, this Board issued an opinion dismissing various of petitioners' claims after respondent moved, on November 22, 1995, to dismiss pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure.[2]

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[2]The Board dismissed a fraud claim based on an allegation that Cubaexport, the original registrant of the HAVANA CLUB and Design mark in the United States, did not intend to use the mark at the time of its registration in 1976 because, at that time, a foreign applicant relying on Section 44 of the Lanham Act, 15 U.S.C. § 1126, was not required to assert an intent to use the mark, July 8, 1996 slip op. at p.9; it dismissed a claim entitled "Treaty Violations and Constitutional Grounds" because it was "legally insufficient," *id.* at p.10; it dismissed a claim of abandonment based on non-use of the mark HAVANA CLUB in commerce as "insufficient and futile" because "for the entire relevant time frame it is and has been legally impossible for respondent to use the mark in the United States," *id.* pp.10-11; and dismissed a claim of "unclean hands" because that is not grounds for cancellation of a registered mark, *id.* at p.12.

The Board held that it could not pass judgment at the pleading stage on petitioners' conclusory allegations that Cubaexport fraudulently asserted ownership of the HAVANA CLUB mark in its application to register; that a Section 8 declaration, 15 U.S.C. § 1058, was fraudulent;

On August 19, 1996, petitioners filed an amended and supplemental petition for cancellation realleging claims not previously dismissed, and adding a claim of fraud in the renewal of the registration of the HAVANA CLUB mark (which respondent renewed in January, 1996). Respondent then filed a motion for summary judgment and to dismiss, supported by comprehensive factual affidavits and exhibits, on October 18, 1996. The Board subsequently issued an order stating that, "Proceedings herein are suspended pending disposition of the motion for summary judgment. Any paper filed during the pendency of this motion which is not relevant thereto will be given no consideration." Order dated Dec. 10, 1996.

Petitioners opposed the motion for summary judgment, also with affidavits and exhibits, on January 6, 1997, and cross-moved at the same time for denial of the motion pursuant to Rule 56(f) of the Federal Rules of Civil Procedure. Respondent filed its opposition to the cross-motion on February 10, 1997. The motion for summary judgment and cross-motion pursuant to Rule 56(f) are thus fully briefed and pending decision by the Board.

Petitioners mailed their motion to suspend proceedings before the Board to respondent's counsel on February 7, 1997; the papers arrived on February 10, 1997, the day that respondent's response to petitioners' Rule 56(f) motion was due (and was filed). Respondent now opposes that motion.

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and that the mark was abandoned through assignment-in-gross. *Id.* at p.12. Finally, the Board permitted petitioners to replead a "confusing, inconsistent and legally insufficient" claim of "Misrepresentation of the Goods." *Id.* at p.10.

B. Petitioners' Actions Which Necessitated Respondent's Civil Suit

In their cancellation petition, petitioners stated that respondent's registration of the HAVANA CLUB mark in the United States "gives registrant a colorable right to the exclusive use of the mark HAVANA CLUB for rum in the United States;" "places a cloud over [petitioners'] right to register and use the trademark HAVANA CLUB in the United States"; and "threatens to interfere with the right of Bacardi U.S.A. to import, distribute and sell HAVANA CLUB rum . . . in the United States." (Pet. ¶ 16; Amend. Pet. ¶ 16.) Petitioners also stated that they "plan to import and distribute" and "intend to market" rum under the HAVANA CLUB mark in the United States (Pet. ¶¶ 14, 15); and stated so again on August 19, 1996 when they filed their amended petition for cancellation (Amend. Pet. ¶¶ 14, 15). These statements of a *future intent* to use the mark, while perhaps conferring standing on petitioners, gave no notice that petitioners would actually begin use of the mark prior to the outcome of the cancellation proceeding.

Nonetheless, petitioners have begun making at least token use of the mark. Petitioners have offered for sale a rum produced by petitioner Galleon S.A. in The Bahamas and imported into the United States exclusively by petitioner Bacardi-Martini U.S.A. The rum has been distributed in Florida and in New York, and possibly in other states. (Rule Dec. ¶ 5 & Exh. A; ¶ 9 & Exh. B; ¶ 10 & Exh. D.) In the civil action that respondent was obliged to bring in an attempt to enjoin such infringing use, petitioners claimed to have been selling the rum as far back as 1995[3] (Rule Dec. Exh. D) -- perhaps even before they filed this cancellation petition, and certainly long before they filed their amended petition. Respondent

[3]Petitioners produced no records of sales to support this contention. (Rule Dec. ¶ 10.)

only learned that petitioners had been offering a "Havana Club" rum for sale in this country, however, after filing their motion for summary judgment and all the supporting documents thereto, and learned of this infringing use purely fortuitously. (Rule Dec. ¶¶ 5, 6.)[4]

Only after learning of this infringing use of the HAVANA CLUB mark did respondent and its exclusive licensee for use of the HAVANA CLUB mark file a complaint in the district court, and almost immediately thereafter a motion for a preliminary injunction. Prior to learning of the actual use of its mark by petitioners, however, respondent was content to proceed with the cancellation proceeding brought by petitioners and to await this Board's decision. (Rule Dec. ¶ 4.)

ARGUMENT

I. THE BOARD SHOULD DECIDE THE FULLY BRIEFED, PENDING AND SUBMITTED MOTION FOR SUMMARY JUDGMENT BEFORE CONSIDERING PETITIONERS' MOTION TO SUSPEND

A. Under 37 C.F.R. § 2.117(b), The Board Should Decide The Pending Summary Judgment Motion Prior To Considering Any Further Motion

Petitioners state that this Board "must" suspend proceedings (Pet. Br. p.5); Trademark Rule 2.117(a), however, contains no such absolute language, stating only:

> Whenever it shall come to the attention of the Trademark Trial and Appeal Board that parties to a pending case are engaged in a

[4]Respondent learned of petitioners' use of the "Havana Club" name through the accident of an employee of a national importer and distiller of spirits in the United States seeing the rum for sale in a store in Hialeah, Florida, buying some bottles, and sending the bottles to the New York headquarters of his company, which then informed respondent's counsel. (Rule Dec. ¶ 5 & Exh. A.)

> civil action which may be dispositive of the case, proceedings before the Board *may* be suspended until termination of the civil action.

37 C.F.R. § 2.117(a) (emphasis added). *See also* D.B. Allen, *Tips from the TTAB; Impact of TTAB Decisions in Civil Litigation: The Alphonse-Gaston Act*, 74 T.M.R. 180, 184 (1984) ("whether to suspend or not is totally within the discretion of the TTAB").[5]

Moreover, 37 C.F.R. § 2.117(b) provides, in language specifically addressing a situation such as this:

> Whenever there is pending, at the time when the question of the suspension is raised, a motion which is potentially dispositive of the case, the motion may be decided before the question of suspension is considered.

There is currently pending before the Board a motion for summary judgment, which is, of course, potentially dispositive of this case. The Board may thus decide the motion for summary judgment before even considering petitioners' motion to suspend, and should do so in this case, where the integrity of the Board's own processes are at stake. This litigation has been pending before the Board for over eighteen months, and the Board has already issued one written opinion. Parties should not be permitted lightly to invoke the Board's attention and then simply moot this invocation at a time when a dispositive motion is

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[5]Indeed, a proposal to include a provision requiring a stay of Board proceedings whenever a civil action was brought was rejected during the congressional hearings prior to the enactment of the Lanham Act. D.B. Allen, *Tips from the TTAB; Impact of TTAB Decisions in Civil Litigation: The Alphonse-Gaston Act*, 74 T.M.R. 180, 180-82 & n.11 (1984). A similar proposal for mandatory suspension was proposed as an amendment to 37 C.F.R. § 2.117 in 1983, but was rejected on the ground that "there are times when it may be desirable to go forward with the Board proceeding" even when "the civil action may be dispositive of the proceeding before the Board." Notice of Final Rulemaking, published in the *Federal Register* on May 23, 1983, 48 F.R. 23122, 23129.

pending. This is particularly true in this case, where it is, in effect, petitioners who have sought to invoke a second forum to determine the same claims pending before the board; they compelled plaintiffs to bring the civil action by choosing to start offering Bahamian "Havana Club" rum for sale prior to the outcome of the cancellation proceeding, and have asserted the same claims on which they based their cancellation petition as counterclaims in the lawsuit that inevitably followed.

Trademark Rule 2.117(b) was "devised to preclude a party's escaping a Board decision on a potentially dispositive motion, e.g. a motion for summary judgment, by filing a civil action and then moving to suspend before the Board's decision on the motion has been issued." D.B. Allen, *Tips from the TTAB*, 74 T.M.R. at 184. *See also Allegro High Fidelity, Inc.* v. *Zenith Radio Corp.*, 197 U.S.P.Q. 550, 551 (T.T.A.B. 1977) (granting default judgment although judgment was opposed on ground that action should be suspended pending outcome of civil suit). The instant case falls under this rationale for denying a stay, despite the fact that it is respondent rather than petitioners who filed a civil action, because respondent instituted the civil action only when required to do so by petitioners' use of respondent's registered mark (which use was not mentioned by petitioners during the Board proceeding). Moreover, petitioners have admitted that they began use of the mark to "establish valid common law rights" to the mark (Rule Dec. ¶ 9 & Exh. B) rather than as a business venture, and it is apparent that they have not made any meaningful sales effort in connection with their "Havana Club" rum (Rule Dec. ¶ 9 & Exh. C). Petitioners should not be permitted to escape the Board's decision on summary judgment by moving to suspend the case which they brought.

In a situation almost identical to that here, in an opposition proceeding, the opposer moved to suspend Board proceedings pending a civil action, two months after the applicant had filed a motion for summary judgment. *Pegasus Petroleum Corp.* v. *Mobil Oil Corp.*, 227 U.S.P.Q. 1040 (T.T.A.B. 1985). Just as in this case, after the summary judgment motion was filed and prior to the motion to suspend, the Board in *Pegasus* advised the parties "that proceedings had been suspended pending disposition of the motion for summary judgment and that any paper filed during the pendency of the motion and not relevant thereto would be given no consideration." *Id.* at n.9. The Board consequently did not consider the motion to suspend prior to deciding the motion for summary judgment, on which it rendered a decision eight months after the motion to suspend was filed. *Id. See also Pleading and Practice in Adversary Proceedings*, 75 T.M.R. 358, 375 (1985) ("[a]ny outstanding potentially dispositive motion may be determined by the Board before the question of suspension will be considered"); 37 C.F.R. § 2.127(d) (when a party files a potentially dispositive motion "the case will be suspended by the Trademark Trial and Appeal Board with respect to all matters not germane to the motion and no party should file any paper which is not germane to the motion").

Similarly, in *Toro Co.* v. *Hardigg Indus., Inc.*, 187 U.S.P.Q. 689 (T.T.A.B. 1975), *rev'd on other grounds*, 549 F.2d 785, 193 U.S.P.Q. 149 (C.C.P.A. 1977), another opposition proceeding, both parties filed motions for summary judgment. The opposer subsequently moved to suspend proceedings pending civil litigation, but nevertheless "filed a motion requesting that action on its motion to suspend be deferred pending determination by the Board of the motions for summary judgment." *Id.* at 690 & n.8. The Board granted the

latter motion, noting that "it is the practice of the Board, when presented with a motion to suspend, to determine any outstanding motion which may be dispositive of the case prior to consideration of the question of suspension." *Id. See also Continental Specialties Corp.* v. *Continental Connector Corp.*, 192 U.S.P.Q. 449, 450 (T.T.A.B. 1976) ("[i]t is the Board's practice to determine any motion that may be dispositive of the proceeding before us before acting on a motion to suspend").

This practice makes practical sense. Obviously, if the potentially dispositive motion is decided in a manner which is indeed dispositive of the case, then the motion to suspend will be rendered moot. *Id.* at 452. Additionally, as the civil action between these parties was filed merely two months ago, it obviously will not be decided finally for a lengthy period of time, and it will therefore be possible to consolidate any appeal from the decision of this Board with the district court action. In such circumstances, "in the interests of judicial economy, it appears that any . . . outstanding matter potentially dispositive of the case should be considered before the question of suspension is considered [because] it would be desirable if judicial review were had together with the pending civil action." *Chicopee Mfg. Corp.* v. *Madison Research and Development Corp.*, 134 U.S.P.Q. 261, 262 (Comm'r Pat. 1962).

B. The Equities Of This Case, Together With the Deference Paid To This Board's Decisions By Federal Courts In The Second Circuit, Strongly Militate In Favor Of Deciding The Motion For Summary Judgment Before Considering The Motion To Suspend

This Board's December 10, 1996 Order stating that it would not consider any paper not relevant to the summary judgment motion, and the provisions of 37 C.F.R. § 2.117(b), are sufficient in themselves to require a decision on the summary judgment motion prior to consideration of petitioners' motion to suspend. In addition, the equities of this case,

and the fact that federal courts of the Second Circuit pay increasing deference to decisions of the Board, provide further reasons for deciding the summary judgment motion first.

Because petitioners have required respondent to defend this action, *and* have necessitated respondent's institution of civil litigation, respondent should not be deprived of the benefit of a possibly favorable decision in the T.T.A.B. action. Petitioners have put respondent to substantial burden and expense (including litigating a motion to dismiss, answering claims that were not dismissed, and moving for summary judgment). If this Board rules in respondent's favor on the motion for summary judgment, respondent will benefit from the deferential standard that a federal court, particularly a court in the Second Circuit, applies in reviewing Board decisions.

The Court of Appeals for the Second Circuit (the circuit in which the parties' district court civil action is pending), has indicated that increased deference will be paid to decisions of the T.T.A.B. That court expressed for the first time in January of this year, in *Levy* v. *Kosher Overseers Ass'n of Am., Inc.*, 104 F.3d 38, 42-43, 41 U.S.P.Q.2d 1456 (2d Cir. 1997), that a Board proceeding will be given collateral estoppel effect in a later federal action if the Board applied the same standards that would be applied in the federal court. The Second Circuit had previously held that decisions of this Board are entitled to "great weight." *Murphy Door Bed Co.* v. *Interior Sleep Sys., Inc.*, 874 F.2d 95, 101 (2d Cir. 1989); *Syntex Labs., Inc.* v. *Norwich Pharmacal Co.*, 437 F.2d 566, 569 (2d Cir. 1971).[6]

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[6]While, at least prior to *Levy*, some courts did not view these considerations as a reason to require parties to seek initial relief before the Board rather than in the district court on registration matters, *see, e.g., Forschner Group, Inc.* v. *B-Line A.G.*, 943 F. Supp. 287, 288-89 (S.D.N.Y. 1996) (Scheindlin, J.)), the situation is different here, where the petitioners initiated and have pursued cancellation proceedings in this forum for eighteen months on precisely the

The equities and other considerations favoring a decision on respondent's summary judgment motion are indeed unique. Research has revealed no case where the defendant in a civil infringement case previously brought a proceeding before the Board concerning registrability of the plaintiffs' mark; the same defendant provoked the later district court action; *and* the plaintiff alleging infringement sought to hold the opposing party to its initial choice of the T.T.A.B. forum. Federal courts which have addressed issues that are pending contemporaneously before the T.T.A.B. have done so generally to avoid prejudicial delay to a party objecting to the stay. "If no infringement claim were made in the district court but only a claim that a federal registration was or was not valid, a good argument might exist . . . for awaiting the completion of any pending Board proceeding addressed to the mark's validity." *PHC, Inc.* v. *Pioneer Healthcare, Inc.*, 75 F.3d 75, 37 U.S.P.Q.2d 1652 (1st Cir. 1996) (citing the Second Circuit's decision in *Goya Foods, Inc.* v. *Tropicana Prod. Inc.*, 846 F.2d 848, 6 U.S.P.Q.2d 1950 (2d Cir. 1988)).

In *Goya Foods*, cited by the court in *PHC, Inc.* (and cited by petitioners (Pet. Br. pp.6-7)), the Second Circuit stated that, *where there are no considerations of harm through delay*, "the benefits of awaiting the decision of the PTO [on registration issues] would *rarely, if ever,* be outweighed by the litigants' need for prompt adjudication." 846 F.2d at 853 (emphasis added). Although the pending civil case between these parties does involve an infringement claim, the party who has claimed infringement in that case -- respondent here -- would not be prejudiced by awaiting the Board's decision. And petitioners, having initially chosen to bring their claims to the T.T.A.B. for decision and having put the respondent and

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same grounds they have raised as counterclaims in the district court.

this Board to such burden, should not be heard concerning any claim of prejudice to them. In any event it is apparent that there can be no prejudice to petitioners through this Board rendering a decision in the summary judgment motion at the same time as the civil action proceeds. Petitioners chose to have this Board decide their claims, and respondent's civil case seeks to prevent petitioners from *using* the name "Havana Club" on rum, an issue which is not before this Board. The summary judgment motion concerning registration of the HAVANA CLUB mark pending before the Board, even if decided favorably to respondent, will not prevent petitioners from using the mark if they choose to continue doing so pending the outcome of the infringement action. That petitioners chose to address registration issues in the T.T.A.B. forum, and that their counterclaims in the civil action involve exactly the same claims as are pending before the Board, indeed indicates that those issues should be decided in petitioners' initially preferred forum.[7]

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[7]Petitioners' reliance on *Goya Foods* and *Forschner* is misplaced in this case. The courts in those cases did state that the T.T.A.B. and the federal courts routinely both decide whether trademarks are confusingly similar, 846 F.2d at 854, 943 F. Supp. at 290-91, but this issue of confusing similarity is not before the Board in petitioners' cancellation proceeding, which concerns whether the mark was abandoned through alleged assignments-in-gross, whether there was fraud in the registration, maintenance and renewal of the mark, and whether the mark misrepresents goods. The issues before the Board are those that petitioners chose to put to this tribunal; the fact that petitioners have realleged these same grounds as counterclaims in the District Court should not prevent the Board from deciding those issues and hence giving the federal courts the benefit of its decision on these registration issues, which benefit is "rarely, if ever" outweighed unless there will be substantial prejudice from delay (and, as shown, there is no such prejudice here). *Goya Foods*, 846 F.2d at 853.

Moreover, in *Goya Foods*, the court held in part that it was error in that case to stay an infringement action on account of a pending registration proceeding because, usually, "a federal registration of a party does not significantly affect the course of an infringement action." 846 F.2d at 854. While that may be true in the usual case, it certainly is not true in this case, where respondent/plaintiff's infringement claim rests not on its use of the mark in the United States, but solely on the fact that it owns a Section 44 federal registration of the HAVANA CLUB trademark, nonuse of which is excused by impossibility of use caused by the United States

The fact that a dispositive Board decision may be appealed to the district court does not alter the proposition that this Board should decide the motion for summary judgment pending before it. On any such appeal, the Board's decision will be entitled to deferential review. "[I]f no new evidence is presented before the District Court, the Board's decision will be reversed only if the appellant can demonstrate a clear error of fact or law by the Board. Even if new evidence is introduced, the courts follow [an] appellate review standard . . . which also accords considerable weight to the Board's findings." J. Gilson, 1 *Trademark Protection and Practice* (1996) § 3.05[4] at pp. 3-199-200, and cases cited. *See also Wilson Jones Co.* v. *Gilbert & Bennett Mfg. Co.*, 332 F.2d 216, 218, 141 U.S.P.Q. 620, 621-22 (2d Cir. 1964); *Buitoni foods Corp.* v. *Gio. Buton & C.S.p.A.*, 680 F.2d 290, 293, 216 U.S.P.Q. 558, 559-60 (2d Cir. 1982). "[T]he decision of a specialized agency such as the TTAB, even though not binding on [a district court] should be treated with respectful consideration." *W.R. Grace & Co.* v. *Union Carbide Corp.*, 581 F. Supp. 148, 151 n.6, 221 U.S.P.Q. 614 (S.D.N.Y. 1983).

Even if this Board's decision were appealed to the district court, therefore, a decision from the Board on the registration issues in this case would be beneficial to the district court, and this benefit is not outweighed by "the litigant's need for prompt adjudication" in a case such as this "where there are no considerations of harm through

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embargo on importation of Cuban products. The registration issue is thus *crucial* to respondent's infringement action, and *Goya Foods*' reasoning that a district court action should be stayed pending a Board decision if the district court action involves only a registration issue is more relevant to this case than *Goya Foods*' reasoning concerning the avoidance of delay to an infringement litigant. As discussed *ante*, harm to either party through delay in the infringement action is not an issue in this situation.

delay." *Goya Foods*, 846 F.2d at 853. In addition, as noted, "it would be desirable if [any] judicial review [of the Board's decision] were had together with the pending civil action," *Chicopee Mfg. Corp.*, 134 U.S.P.Q. at 262, and the pending summary judgment motion may be decided in a manner which allows such consolidation of the issues. Consequently the summary judgment motion should be decided before the Board addresses the motion to suspend.

II. IF THE BOARD CONSIDERS THE MOTION TO SUSPEND, IT SHOULD NOT, HOWEVER, SUSPEND ANY POST SUMMARY JUDGMENT PROCEEDINGS

As already discussed, the Board need not, and should not, consider the motion to suspend at this time, because there is a dispositive motion fully submitted in the case; and, even if the Board does address the motion to suspend, it should not suspend consideration of the summary judgment motion. The Board likewise need not now consider what course to take if summary judgment is denied, but, if it does, it should deny suspension even then, because the equities discussed *ante* would weigh in favor of refusing to suspend this action. Research has revealed no case with an identical procedural history to this and, in those reported cases where the party who instituted the Board proceeding later moves to suspend that same proceeding, it is not clear what that party's reason for doing so was. In this case, the petitioners moved to suspend only after forcing respondent to bring an infringement action; and they should therefore not be permitted to rely on the very infringement action they provoked as ground for changing the forum they originally chose to decide their cancellation claims.

Petitioners base their motion to suspend entirely on the proposition that the outcome of the civil action will be determinative of issues currently pending before the Board.

While proceedings may be suspended where there is no pending potentially dispositive motion before the Board, and where the outcome of the civil action will be determinative of issues before the Board, it is not mandatory that proceedings be suspended. D.B. Allen, *Tips from the TTAB,* 74 T.M.R. at 183-84 ("[u]nder the current rule, the single issue is whether the civil action involving the same parties may be dispositive of the pending case before the Office. If the answer is yes, the Board may suspend, and usually does. *However, whether to suspend or not is totally within the Board's discretion*" (emphasis added)).

Respondent, plaintiff in the civil action, intends to move the district court to stay consideration of the counterclaims advanced by the defendants, petitioners here, which are identical to the claims raised as grounds for cancellation in this proceeding, pending this Board's decision on those claims; and, despite petitioners' suggestion that a Board proceeding should always be stayed pending a civil action, there are numerous cases where a federal court has suggested that it would be preferable to await the Board's decision *before* addressing similar issues.[8] For example, in *Kemin Indus., Inc.* v. *Watkins Prods., Inc.*, 183 U.S.P.Q. 799 (D. Minn. 1974), the court stayed an infringement action pending the outcome of a petition for cancellation where, as in this case, issues of hardship through delay did not require the federal court to proceed, stating: "While in this case there are issues that cannot be ruled upon by the Patent Office, the determination of the threshold question of ownership of the mark lies particularly within their field of expertise." *Id.* at 800. *See also Armand's Subway,*

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[8]Petitioners are simply incorrect that, under *Goya Foods*, the district court *may* not stay the federal action (Pet. Br. p. 9); the court's reasoning in that case was specifically directed at "the present case", *id.* at 854, and it did not hold that a district court may never stay proceedings pending T.T.A.B. action. *See* n.7, *ante.*

Inc. v. *Doctor's Assoc., Inc.*, 604 F.2d 849, 852, 203 U.S.P.Q. 241, 244 (4th Cir. 1979) (in remanding, suggesting that litigation be stayed because Board proceedings might "simplify the remaining problems and perhaps entirely eliminate some matters (hopefully the whole litigation) from the necessity of subsequent judicial determination"); *Wuv's Int'l, Inc.* v. *Love's Enterprises*, 200 U.S.P.Q. 273 (D. Colo. 1978) (pendency of proceeding before Board with its "high degree of expertise" counseled against review under Declaratory Judgment Act). *Cf. Farr's Inc.* v. *National Shoes, Inc.*, 191 F. Supp. 803, 128 U.S.P.Q. 479, 481 (E.D. Pa. 1960) (transferring case to another district court but expressing doubt as to whether, without transfer, case should not have been stayed pending outcome of Board proceeding); *Morton-Norwich, Inc.* v. *J.L. Prescott Co.*, 216 U.S.P.Q. 1120 (D.S. Ca. 1981) (transferring case but suggesting infringement claim should be stayed pending outcome of Board cancellation proceeding).

Another example of district court deference to the Board is provided in *W.R. Grace & Co.* v. *Union Carbide Corp.*, 581 F. Supp. 148, 221 U.S.P.Q. 614 (S.D.N.Y. 1983), in which case Union Carbide brought a petition to cancel Grace's registered mark before the Board. During discovery on this proceeding, Grace instituted an infringement action in the district court (where, as in this case, the defendant Union Carbide counterclaimed to cancel Grace's mark). In that case, Grace, the respondent in the cancellation proceeding, moved to stay Board proceedings, unlike respondent here. Although the Board proceedings were stayed, the federal court determined that "it would be aided by a determination of the cancellation proceeding" and ordered that the Board proceeding be resumed while the civil action was stayed. 581 F. Supp. at 151. After the Board ruled in the petitioner/defendants favor, the

district court did the same upon the respondent's appeal. Similarly, in *Driving Force, Inc.* v. *Manpower, Inc.*, 498 F. Supp. 21, 211 U.S.P.Q. 60 (E.D. Pa. 1980), the court stayed a trademark infringement action, and directed the parties to that case to proceed with an opposition proceeding that was pending before the Board, but which had been stayed. Upon the outcome of the opposition proceeding in favor of the applicant (the plaintiff in the civil action), *Manpower, Inc.* v. *Driving Force, Inc.*, 212 U.S.P.Q. 961 (T.T.A.B. 1981), the court reopened the civil action and granted an injunction in the plaintiff's favor.

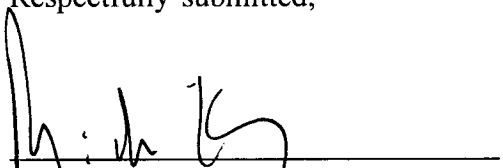
Thus, while this Board need not decide the motion to suspend at this time, because the equities in this case weigh against such suspension, the motion, if considered, should be denied.

Conclusion

For these reasons, respondent respectfully requests that this Board decide the pending motion for summary judgment in this case before considering petitioners' motion to suspend; and, if the Board decides to consider petitioners' motion to suspend proceedings, respectfully requests that the Board deny that motion.

Dated: New York, New York
February 27, 1997

Respectfully submitted,



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CANCELLATION NO. 24108

CERTIFICATE OF EXPRESS MAILING AND SERVICE

Date of Deposit: February 27, 1997

I hereby certify that the annexed Memorandum Of Law In Opposition To Petitioners' Motion For Suspension Of Proceedings is being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 C.F.R. § 1.10 on the date indicated above, addressed to:

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